

**Working Families Tax Relief Act of 2004: Impact on Married Couple with 1
Child that Earns \$25,000 and Takes the Standard Deduction**

	2005 Prior Law	2005 New Law
Income	\$25,000	\$25,000
Personal exemptions	9,600 (3x\$3200)	9,600 (3x\$3200)
Standard deduction	\$8,700	\$10,000
Taxable income	\$6,700	\$5,400
	[\$25K -\$9,600-\$8,700]	[\$25K-\$9,600-\$10K]
Regular tax	\$670	\$540
	[10%x\$6,700]	[10%x\$5400]
Child credit	\$700	\$1,000
Potentially refundable child credit	2100	2100
	[15%x(25,000-11,000)]	[15%x(25,000-11,000)]
Tax after credits	(\$30)	(\$460)
Net Federal Income Tax Reduction Under Working Families Tax Relief Act of 2004	\$430	